

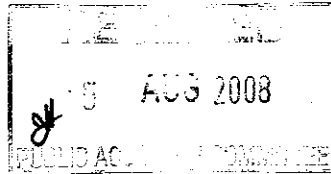


Our ref: DG9930

Your ref: Inquiries/Evaluation PMS I45.08.24

31 JUL 2008

Ms Deborah Jeffrey
Research Director
Public Accounts Committee
Parliament House
Alice and George Streets
Brisbane Qld 4000



Dear Ms Jeffrey

Re: Public Accounts Committee - Inquiry into an evaluation of the effectiveness of the performance management systems (PMS) audit mandate in terms of the Parliament's previously expressed position

I refer to the letter of 3 June 2008 from Ken Hayward, MP and Chair of the Public Accounts Committee, to the then Director-General, Bruce Wilson, seeking a submission about the Committee's inquiry into an evaluation of the effectiveness of the performance management systems (PMS) audit mandate. Mr Hayward requested the submission be addressed to you.

By way of some background, Queensland Transport was included in a number of performance management systems audits in recent years, including those reported as:

- Report to Parliament No. 1 for 2008 - Enhancing Accountability through Annual Reporting
- Report to Parliament No. 6 for 2007 - Beyond Agency Risk
- Report to Parliament No. 4 for 2007 - Are departmental output performance measures relevant, appropriate and a fair representation of performance achievements?
- Report to Parliament No. 8 for 2006 - Results of Performance Management Systems Audit of the Management of Departmental Fees and Charges.

The Department's comments are based on our experience and observations from those audits.

The Department understands that the performance management systems audit mandate provides the Auditor-General with the scope to review performance management systems within agencies and to assess whether those systems enable the agency to determine whether its objectives are achieved economically, efficiently and effectively.

I note the Auditor-General's office has put in place a number of mechanisms, such as regular information sessions about audits conducted, and publishing the reports and other information on the Queensland Audit Office (QAO) website to promote understanding of the performance management systems audit mandate.

It is considered that there is still some misconception about the scope of the performance management systems audit mandate. For example, there is some view that the Queensland Audit Office performance management systems mandate is the same as the Australian National Audit Office's performance audit mandate, which has wider scope and provides for review or examination of any aspect of the operations of an agency.

Generally, the performance management systems audits that have included the Department have provided us with a critical examination of our systems and processes for managing and reporting aspects of performance and accountability. The results of these audits have generally identified areas where we can enhance existing systems and processes to better meet accountabilities. They have also resulted in the production of better practice guides and references for sector agencies to utilise as self assessment tools. In light of these observations, it is considered the performance management systems audit mandate is a vehicle for promoting improvement in accountability.

However, in some instances, the results of some audits have included simple technical compliance issues, and while not detailed in the published report, it is considered these have detracted from the overall quality of the audit outcome. It is considered that simple compliance issues identified during performance management systems audits should be reported in the context of, and consistent with, the audit objective.

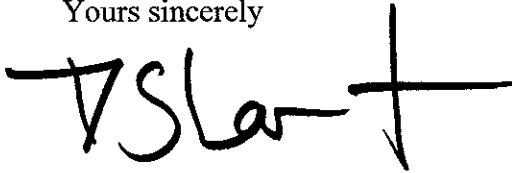
I note one of the terms of reference for the inquiry is about how the Auditor-General assesses whether individual performance management systems audits were effective. I am unable to respond directly to this question, as this is a question best posed to the Auditor-General. However, I do provide the following comments that may assist in forming an opinion about this term of reference.

As with all audits, the Queensland Audit Office seek comments from the auditee about performance management systems audit findings, in addition to agreement with the audit recommendations. The Queensland Audit Office has also conducted follow up reviews on some performance management systems audits, which included the Department, to assess what action we have taken to implement improvements identified during performance management systems audits. While this is essentially monitoring of implementation of recommendations, this follow up could be used to assess how effective the audit was in enhancing existing performance management systems.

I trust these comments will be of assistance to the Committee in their inquiry.

Thank you for the opportunity to provide comment to the inquiry. If your office has further questions, please call Mr Brett Owen, Director (Internal Audit) on (07) 3117 5467.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Stewart', with a long horizontal stroke extending to the right.

David Stewart
A/Director-General